

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

The documentary stamp tax is imposed on deeds and other instruments of conveyance at a rate of \$.70 per \$100. § 201.02, Fla. Stat. The tax on certificates of indebtedness, promissory notes, wage assignments and retail charge account agreements is \$.35 per \$100. § §201.07-201.08, Fla. Stat. While the tax has been imposed in varying amounts since 1931, it was not until 1967 that its revenues were directed to specific trust funds and dedicated for specific purposes. Today, the following trust funds receive dedicated amounts to fund various state programs: Land Acquisition Trust Fund (for debt service for Preservation 2000 and Florida Forever bonds), Save Our Everglades Trust Fund, Water Management Lands Trust Fund, Conservation and Recreation Lands Trust Fund, State Game Trust Fund, Water Quality Assurance Trust Fund, General Inspection Trust Fund, State Housing Trust Fund, and Local Government Housing Trust Fund. In addition, funding is reserved for beach restoration (through the Ecosystem Trust Fund), marine conservation (through the Marine Resources Conservation Trust Fund), and the Department of Revenue's administrative expenses (through their Administrative Trust Fund). (See attached chart explaining the distribution formula).

PCB AP 03-03 redirects a substantial portion of the documentary stamp tax proceeds to the General Revenue Fund. Amounts dedicated to fund the debt service on bonds would continue to be committed for that purpose; that is, funds for debt service for Preservation 2000, Florida Forever, and Save Our Everglades are ensured. In addition, dedicated funds for the debt service for the Affordable Housing Guarantee Fund continue to be established, as are funds for debt service on outstanding Conservation and Recreation Lands and coastal land revenue bonds. Other than that, the bill requires the various programs now funded by documentary stamp proceeds to compete for General Revenue funding. The proposal provides greater flexibility to the Legislature in setting funding priorities for government operations and furthers the recommendations of Florida's 1992 Taxation and Budget Reform Commission.

The bill includes specific transfers to many of the trust funds that have previously been funded from revenues derived from the documentary stamp tax. (See Fiscal Comments below). Finally, a number of sections that are cross-referenced to the current distribution were amended, as reflected in the Section Directory below.

In 1992, the Taxation and Budget Reform Commission placed on the statewide ballot language that, among other things, attempted to limit the use of trust funds in state government. (See s. 19(f) of Article III of the Florida Constitution). The Resolution of the Commission was filed with the Secretary of State and provided the Commission's findings and intent. In pertinent part it states:

TRUST FUNDS: The Commission found that over 50% of the Approved Budget for fiscal year 1990-91 was from trust funds. Trust funds are defined for the purposes of Florida government as essentially segregated accounts earmarked for receipt of certain revenues. In the last ten years, the percentage of trust fund appropriations has increased from 48% to 50% of the state budget and the percentage of the General Revenue Fund appropriations has decreased from 52% to 38%. However, the Commission found that the General Revenue Fund serves as the primary reporting vehicle for government operations. **Thus, the hundreds of trust funds currently in existence serve only to make reporting the actual revenues and finances of the state virtually impossible.... In order to achieve the goal of clarity in the budget process, when statutes require the adoption of an annual appropriation, the appropriation should be made from the General Revenue Fund, rather than from a trust fund.** (Emphasis added).

Today, General Revenue's share of the total state budget still averages less than 40% over the most recent five-year period.

C. SECTION DIRECTORY:

- Section 1: Amends s. 201.15 relating to the distribution of collections of the documentary stamp tax
- Section 2: Amends s. 161.091 to delete duties funded by a deleted subsection
- Section 3: Repeals s. 161.05301 appropriating funds and positions funded by a deleted subsection
- Section 4: Amends s. 201.0205 to delete a cross-reference to a deleted subsection.
- Section 5: Amends s. 259.032(2)(a) to reflect that some funds going into the Conservation and Recreation Lands Trust Fund will come from General Revenue and will not come exclusively from the documentary stamp tax.
- Section 6. Amends s. 369.252 to delete duties funded by a deleted subsection.
- Section 7. Amends s. 370.0603 to delete a specified uses of funding stream from a deleted subsection.
- Section 8. Amends s. 375.075 to delete a cross-reference to a deleted subsection.
- Sections 9-12 Amend s. 420.5092, 420.9073, 420.9078, and 420.9079 reflecting changes in cross-references with respect to housing programs of the Florida Housing Finance Corporation
- Section 13. Makes specific appropriations to trust funds within the Department of Environmental Protection, the Fish and Wildlife Conservation Commission and the Department of Revenue.
- Section 14. An effective date of July 1, 2003 is provided.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Documentary stamp taxes are estimated to bring in \$1.619 billion for Fiscal Year 2003-2004. While state revenues will not increase or decrease based upon changes in the bill, revenues are redirected and the amount that will go to the General Revenue Fund will increase by \$594.7 million. That sum is reflected in the following listing of trust funds:

Ecosystem Management & Restoration TF	(30,000,000)
Marine Resources Conservation TF	(2,000,000)
DOR Administrative Costs TF	(7,900,000)
State Housing Trust Fund	(72,000,000)
Local Government Housing Trust Fund	(168,400,000)
Land Acquisition Trust Fund	(141,100,000)
CARL Trust Fund	(56,400,000)
Water Management Lands Trust Fund	(62,400,000)
Invasive Plant Control Trust Fund	(33,800,000)
State Game Trust Fund	(13,300,000)
Water Quality Assurance Trust Fund	(3,700,000)
General Inspection Trust Fund	<u>(3,700,000)</u>
	(594,700,000)

2. Expenditures:

For Fiscal Year 2003-2004, the bill makes the following specific appropriations to trust funds from General Revenue:

Conservation and Recreation Lands Trust Fund (DEP)	\$54,300,000
Land Acquisition Trust Fund (DEP)	96,531,000
Water Management Lands Trust Fund (DEP)	48,400,000
Ecosystem Management and Restoration TF (DEP)	22,500,000
Invasive Plant Control Trust Fund (DEP)	21,500,000
Water Quality Assurance Trust Fund (DEP)	3,000,000
State Game Trust Fund (FWCC)	2,000,000
Administrative Trust Fund (DOR)	7,900,000

Actual appropriations from these trust funds are contained in the General Appropriations act for next year and are, in some cases, higher than the transfer amounts reflected above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS: None

1. Revenues:

2. Expenditures:

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision

2. Other

B. RULE-MAKING AUTHORITY:

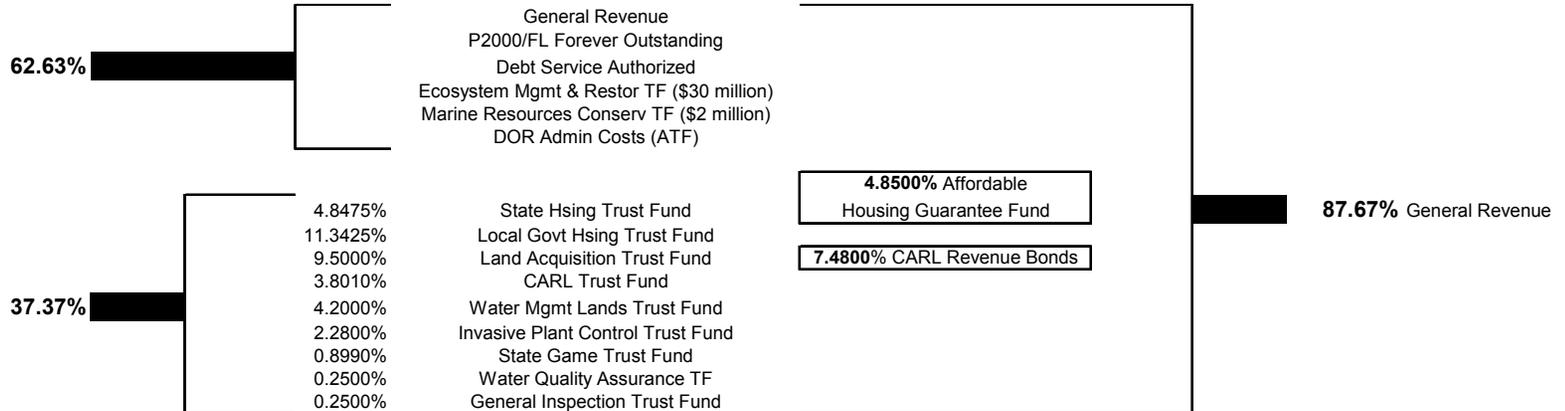
C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

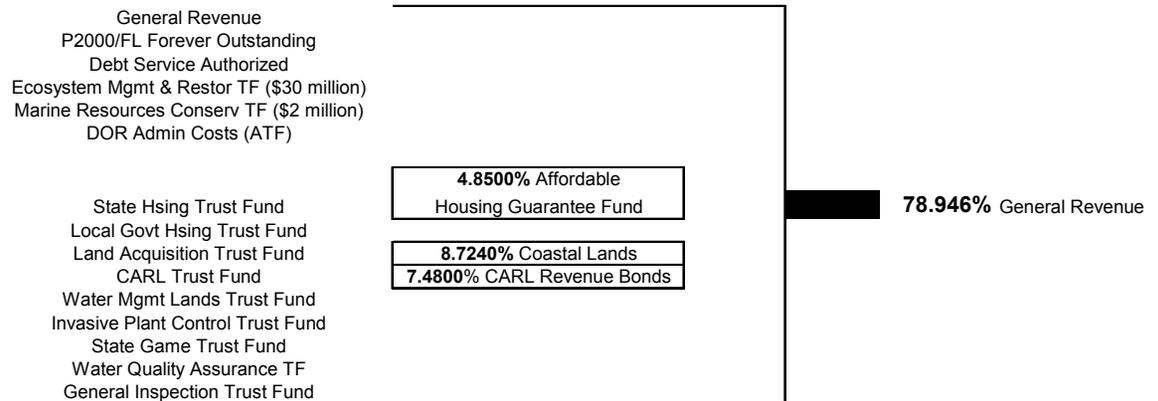
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TODAY

EOG PROPOSAL



HOUSE PROPOSAL



This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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